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Viewing cable 06MANAGUA1079, VENEZUELAN FINANCIAL SUPPORT TO NICARAGUA,S FSLN

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#06MANAGUA1079**.

Reference ID	Created	Released	Classification	Origin
06MANAGUA1079	2006-05-17 14:26	2011-08-30 01:44	SECRET//NOFORN	Embassy Managua

Appears in these articles:

<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758456.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758467.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758468.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758464.aspx>
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<http://www.confidencial.com.ni/articulo/4102/estrada-y-la-ldquo-doble-cara-rdquo-ante-ee-uu>
<http://www.confidencial.com.ni/articulo/3966/la-ldquo-injerencia-rdquo-de-ee-uu-en-el-2006>
<http://www.nacion.com/2011-05-23/Mundo/Relacionados/Mundo2758764.aspx>
<http://www.nacion.com/2011-05-23/Mundo/NotaPrincipal/Mundo2758753.aspx>
<http://www.confidencial.com.ni/articulo/4041/millones-de-dolares-sin-control-y-a-discrecion>
<http://www.confidencial.com.ni/articulo/4040/la-ldquo-injerencia-rdquo-de-venezuela-en-2006>
<http://www.confidencial.com.ni/articulo/4047/rodrigo-barreto-enviado-de-ldquo-vacaciones-rdquo>
<http://www.nacion.com/2011-05-16/Mundo/NotasSecundarias/Mundo2757239.aspx>
<http://www.nacion.com/2011-05-16/Mundo/NotaPrincipal/Mundo2746658.aspx>
<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2757244.aspx>
<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2746673.aspx>
<http://www.confidencial.com.ni/articulo/3991/dra-yadira-centeno-desmiente-cable-diplomatico-eeuu>
<http://www.confidencial.com.ni/articulo/3968/pellas-pronostico-a-eeuu-victoria-de-ortega-en-2006>
<http://www.confidencial.com.ni/articulo/3967/barreto-era-ldquo-fuente-confiable-rdquo-para-eeuu>

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RHEFDIA/DIA WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

S E C R E T MANAGUA 001079

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DEPARTMENT FOR WHA/CEN, INR/I

E.O. 12958: DECL: 05/17/2031
TAGS: [PINR](#) [ENRG](#) [EFIN](#) [PGOV](#) [NU](#) [PREL](#) [SOCI](#) [VE](#) [EPET](#) [EAGR](#)
SUBJECT: VENEZUELAN FINANCIAL SUPPORT TO NICARAGUA,S FSLN
(C-AL6-00642)

REF: A. STATE 77530
[1](#)B. MANAGUA 0841

Classified By: Ambassador Paul A. Trivelli. Reasons 1.4 (B,D).

[1](#)1. (S/NF) SUMMARY/BACKGROUND: Although Post possesses no specific numbers on the level of support Venezuelan President Hugo Chavez is providing to Sandinista (FSLN) candidate Daniel Ortega, we are certain that Chavez' direct and indirect assistance to Ortega is substantial, could well reach the tens of millions of dollars, and possibly sway the outcome of the November election. Embassy Managua has not seen concrete evidence to corroborate the Liberal Constitutional Party's (PLC) contention that Chavez is providing USD 50 million in traditional and untraditional forms of aid to advance Ortega's political campaign. We believe that the PLC's allegations are in part an effort to discredit Ortega to advantage their candidate Jose Rizo and to convince the USG and potential private sector campaign contributors that the PLC is the only party that can beat Ortega in the November 5 election. Given that the average cost of a presidential campaign in Nicaragua is USD 10 million to 15 million, even if Venezuela's support for Ortega is considerably less than the rumored USD 50 million, the funds could buy significant influence and possibly exert considerable sway over the voting public.

[1](#)2. (S/NF) SUMMARY/BACKGROUND CONTINUED: Most of Chavez's material support to Ortega will likely remain under the radar screen of public scrutiny -- in the form of an underground network of cash payments (sources assert that several FSLN party officials frequently travel to Venezuela and return with large sums of cash), or laundered via Chavez's oil for Nicaraguan mayors initiative and his fertilizer donations. To our knowledge, the Venezuelan government (BRV) is not supporting Sandinista dissident Herty Lewites' presidential candidacy; Lewites has sharply criticized Chavez' support for Ortega and Ortega's willingness to succumb to Chavez's influence. However, we would not be surprised that if Lewites emerges as a stronger candidate than Ortega as the November election draws nearer, Chavez might approach Lewites to offer his help. We have also heard from GON sources close to President Bolanos that the Taiwanese may be prepared to provide campaign financing to Liberal dissident Eduardo Montealegre. A summary follows of our knowledge of Chavez' support for Ortega thus far. END SUMMARY/BACKGROUND.

HELOS FOR DANIEL
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13. (S/NF) USG sources suggest that Chavez financed the use of three helicopters for FSLN use during the March 5 Atlantic Coast election.

OIL FOR SANDINISTA MAYORS INITIATIVE

14. (SBU) The centerpiece of BRV support for the FSLN is a special oil deal to provide Venezuelan oil to the FSLN-dominated national mayor's association (AMUNIC) at favorable loan terms for resale at lower than market prices on the Nicaraguan market. The deal is meant to give the FSLN the opportunity to both benefit politically from making these products available below cost and to convert the profits into cash for electioneering. Ortega and Marenco and a number of Nicaraguan mayors traveled to Caracas to sign the oil agreement on April 25 between the Venezuelan government and AMUNIC. Responding to criticism that Chavez is intervening in Nicaragua's internal affairs, Ortega justified Chavez's actions in Nicaragua by labeling them "solidarity" and distinguishing them from U.S. "interference."

15. (C) To date, technical issues -- lack of storage facilities, no distribution network, etc.) have prevented the deal's implementation. However, the agreement has attracted much attention and the public appears to associate the initiative with Ortega, as Chavez and Ortega intended. Some interlocutors believe that the Chavez oil deal is not only directed at supporting Ortega's campaign, but also meant to eventually remove foreign (read U.S.) oil industry influence in Nicaragua and replace it with a Venezuelan presence. Local executives of ESSO (Exxon Mobile) who run Nicaragua's only oil refinery also suspect that Venezuela's oil politics are aiming to drive them out of the country, paving the way for Venezuela to purchase the refinery at a bargain price.

FERTILIZER FOR THE RURAL POOR

16. (SBU) The Sandinistas have announced that Chavez has promised to donate 50,000 metric tons of urea (a powdered fertilizer/animal feed obtained by the reaction of liquid ammonia and liquid carbon dioxide from petroleum processing) for distribution to the rural poor of Chinandega and Corinto by the Sandinista Agricultural Services Cooperative (Nicaraocoop). In an April 12 telephone conversation, Luvy Perez, Director of Inspections for the Nicaraguan Customs Agency (DGI) confirmed that 11,260 metric tons of urea have already arrived from Venezuela and are ready for distribution to FSLN-controlled municipalities. In a press report, the president of Nicaraocoop said that the urea is being provided below-cost rather than as a donation, although Sandinista officials called it a donation when they announced the program with great fanfare. FSLN opponents, including Sandinista dissident/presidential contender Herty Lewites, claim that the urea is part of Chavez's electoral aid package for the FSLN.

LITERACY CAMPAIGN - YO SI PUEDO

17. (SBU) The Venezuelans are also funding the Cuban-administered literacy campaign "Yo Si Puedo" ("Yes I Can"). While technically open to any city in Nicaragua (in order to receive GON permission to operate), the program was originally only offered to FSLN-controlled local governments and only FSLN governments are now participating. Despite earlier reports that the GON had planned to deny the Sandinista-oriented Augusto C. Sandino Foundation (FACS) permission to import equipment needed for the program, recent press reports state that the GON capitulated and the materials have entered. The equipment consists of 5,000 televisions, 5,000 VCRs and a large amount of training materials (including 500,000 workbooks). The estimated cost of the three-year program is USD 21.6 million. The Office of the Mayor of Managua has begun airing television commercials to sell the program and the Mayor of Masaya's office has

posted billboards.

MEDICAL CLINICS

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18. (U) The BRV has launched its campaign to provide surgical eye care in Venezuela for 3,000 poor Nicaraguans; the first 120 patients traveled to Venezuela the week of April 17. Administered by the FSLN-run Office of the Mayor of Managua, the program also covers airfare and room and board. The departure and return of the first group drew ample media coverage. Nicaraguan media were provided free trips to Venezuela to cover the event and were also likely paid to present it with great fanfare.

FEEDING ORTEGA'S PROPAGANDA MACHINE

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19. (S/NF) Post has heard a number of reports that Chavez is generously funding Ortega's media campaign, including the provision of transmitters and other hardware, as well as air space and press footage. For example, the Sandinista-leaning station in Esteli has reportedly received four television cameras, two 20K watt transmitters, and two network interface systems from the Venezuelans.

CHAVEZ'S ATTEMPT TO DISGUISE POLITICAL BIAS

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10. (C) After drawing considerable criticism from non-FSLN political circles, Chavez has made some efforts to cover the political biases of his programs. For example, he invited a number of PLC mayors to attend the signing of the PDVSA-AMUNIC accord in Caracas on April 24. Despite orders from PLC leadership to its mayors not to participate, six PLC mayors traveled to Caracas for the event.

COMMENT

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11. (S/NF) Although we do not have information on the scope of Venezuelan support for Ortega, clearly its assistance is substantial. Further, unlike USG aid restrictions, much of the Chavez support is not tied to the normal limitations of foreign assistance. Complicating the situation is Nicaraguan electoral law, which permits foreign campaign donations with few restrictions that are easy to overcome. Leaders of non-FSLN parties frequently warn us that unless the United States counters this surge of Venezuelan aid, the electoral playing field will be grossly uneven in favor of Ortega.

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